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Comments:

As State of Michigan licensed mortgage broker/lender, I have serious reservations about the proposed changes and enhancements to Reg Z. Most troubling is the Fed's continued focus on the broker community while giving the banking community a free pass. Let us not forget, it was the banks and their investment partners that created the very products that the Fed now hopes to rein in. The broker community does not create, package or securitize any of these products that have now been determined to be the root cause of the "mortgage meltdown". In seeking to provide further clarification to borrowers regarding Yield Spread Premiums, the Fed fails to recognize it's counterpoint, Service Release Premiums. The argument that SRP's are not "known" at the time of origination is baseless. In fact, how is it that bank loan officers able to operate off a rate sheet eerily similar to the broker, with CLEAR rate based compensation and yet argue that the premiums are not tangible? The Fed needs to recognize that requiring a broker to disclose exact YSP to a prospective borrower when that borrower hasn't committed to even pursuing the loan with that broker is a fantasy. Rates are not locked when a borrower is shopping, and thus, when an initial good faith estimate is provided, the disclosed YSP CANNOT BE EXACT AND AGREED UPON. If the Fed is really concerned about educating and protecting the consumer a clear disclosure stating that broker AND banker compensation is at least, in part, determined by the rate the borrower receives would not be difficult to create. Until the Fed quits being the hand maiden for the banking industry and begins to treat brokers AND bankers with the same level of regulatory scrutiny, I for one, will continue to believe that "real" reform is a panacea and the Fed is acting as nothing more than a shill for the banking industry. Real reform requires that all originators, both brokers and bankers be held to the same standard of disclosure. Only then will consumers have true and unambiguous choice.